



Minute of Decision

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2012/13 ACC Levies

Portfolio: ACC

On 10 October 2011, following reference from the Cabinet Economic Growth and Infrastructure Committee, Cabinet:

Levy changes

1 **agreed** to set the following ACC levy rates for 2012/13:

Average Work Account levy Average levy per \$100 of liable earnings	Earners' Account levy Levy per \$100 of liable earnings (GST-inclusive)
\$1.15	\$1.70

2 **noted** that no changes are proposed to the average Motor Vehicle Account levy of \$334.52;

3 **agreed** to set the residual portions (which are included in the rates referred to in paragraphs 1 and 2 above) at the following rates:

Work Account Average residual portion per \$100 of liable earnings	Earners' Account Average residual portion per \$100 of liable earnings	Motor Vehicle Account Average residual portion per vehicle
\$0.31	\$0.04	\$77.07

4 **agreed** to cap the changes in levies resulting from changes in classification units at +10 percent or 2 cents, whichever is the greater, or -25 percent (in addition to the change in the average rate);

Liable earnings

5 **agreed** to increase the maximum liable earnings in response to indexed increases to maximum weekly compensation payments:

5.1 for self-employed people under the Work and Earners' Accounts, an increase from \$110,018 to \$111,669 for 2012/13;

5.2 for employees, private domestic workers, and earners under the Work Account (for calculating the current portion) and the Earners' Account, an increase from \$111,669 to \$113,768 for 2012/13;

5.3 for employees and private domestic workers, for calculating the residual portion, an increase from \$110,018 to \$111,669 for 2012/13;

6 **agreed** that, in response to increases in minimum weekly compensation, the minimum liable earnings of self-employed workers increase from \$26,520 to \$27,040;

7 **agreed** to increase the maximum liable earnings entry criteria for the Workplace Safety Discount Programme from \$499,000 to \$519,000;

Classification units

8 **agreed** to create the following classification unit in the Work Account to provide a suitable classification for existing levy payers that do not fit well within the current definitions, as follows:

Proposed classification unit number	Proposed classification unit name	Proposed levy risk group
2195	Horticultural contracting and labour supply services	010

9 **agreed** to change the following classification unit in the Work Account to more appropriately reflect the current risk of marina operators, as follows:

Classification unit number	Current classification unit name	Proposed new name
66230	Port and water transport terminal and marina operators	Port and water transport terminal operators

Minimum liable earnings for experience rating

10 **agreed** to update the Accident Compensation (Experience Rating) Regulations 2011 to reflect updates to the minimum wage, as follows:

Experience Period/Levy year	Minimum liable earnings for experience period	
1 April 2008 – 31 March 2011 2012/13 levy year	1 April 2008 to 31 March 2009	\$21,320
	1 April 2009 to 31 March 2010	\$23,400
	1 April 2010 to 31 March 2011	\$26,000

Further work

11 **agreed** that there be a review of the funding policy for the ACC Accounts and the reasons for the fluctuations in the projections of the ACC's accounts;

Next steps

12 **noted** that the Minister for ACC intends to announce Cabinet's decisions and to release the paper under CAB (11) 582 in the week commencing 10 October 2011;

- 13 **invited** the Minister for ACC to issue drafting instructions to the Parliamentary Counsel Office to draft the regulations required to set ACC levies, and to make the other amendments necessary to implement the above proposals.

Secretary of the Cabinet

Reference: CAB (11) 582; EGI Min (11) 22/5
